

## Business Plan

# Bubba's Bagels Inc.

1234 Wherever Avenue

Richmond, VA 23000

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**[www.BubbasBagels.com](http://www.BubbasBagels.com)**

### Disclaimer

The following is a sample business plan produced using the software included within this CD. It is included as a guideline to illustrate what format your business plan might look like when complete. The financial section includes examples of how each element will appear, but is incomplete. An actual financial plan should project figures forward for a period of five years: monthly for the first two years, and annually for the following three years.

Bubba's Bagels, all names used within this plan, and the figures used to calculate financial data, are fictitious. Any resemblance to actual companies or people is entirely coincidental.

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## Executive Summary

Bubba's Bagels Inc. has been in business since 1995, and has consistently been profitable since its second year of operation. Today the company is the recognized leader within the Greater Richmond market. Bagels have been a staple within a large "niche" market of customers in the U.S. for well over a century, and the market continues to grow.

Bubba's offers a diverse line of over 18 types of bagels, providing toppings at no charge, served in a "coffee shop" style retail outlet located in the downtown Richmond area. In 2004, the company seeks to add new product lines that will add to choices over and above just coffee and bagels. These include specialty coffee products such as espressos, lattes, and cappuccinos, along with offering unground coffee beans by the bag. In addition to expanding the product line, the company will open a second location in the busy Sary Street area of Richmond, expanding the available market area.

Bubba's Bagels Inc. is a subchapter "S" corporation under the laws of the Commonwealth of Virginia, with a mailing address of Post Office Box 0000, Richmond, Virginia 23000. The principal stockholder is Wendal Smith.

The addition of new product lines is intended to enhance the existing customer base by attracting additional customers that enjoy the specialty-type coffee products. Additionally, it will offer the steady base of existing customers extra choices during each visit. The expansion to a second location will increase the present market area to cover the entire Greater Richmond region.

The company has remained financially stable even during the economic downturn, showing solid profitability during the past nine years. The company is seeking a \$15,000 commercial line of credit to allow purchase of additional equipment, furnishings and related items required by opening the new location, and to provide the availability of working capital that might be required during the first few months of operation at the new location.



## **Background**

Wendal "Bubba" Smith began Bubba's Bagels in 1994 after an extended stay in Richmond, Virginia. Formerly a resident of New York City, he found it difficult to locate traditional bagels within the metropolitan Richmond area. Later that year he made a permanent move to Richmond and became "bagel deprived" once again, and determined there must be others in the area that were also craving New York style bagels. Starting in his home, he made small batches of bagels that were initially given to friends, family, and other "bagel-deprived" individuals from northern states. With every batch came requests from others for even more bagels, and he began selling them in small quantities as a part-time business. Soon the orders were pouring in, and Bubba began devoting all his time to filling those orders. In 1995 he opened "Bubba's Bagels" as a full-time vocation, opening his store at the current location on Wherever Avenue in Richmond.

## **History**

Wendal Smith graduated from Horeshoe High School in Queens, New York in 1984. He received a degree in Bagelology from Heartburn School of Culinary Arts, Long Island, New York, in 1988. In 1990 he earned his Masters Degree in Bagelology from Yale. He worked with Mama Mia's Bagel Factory, New York City, as an assistant Bagel Fryer. Within two years he had become head Bagel Chef for that chain. His knowledge of Bagels and extensive history within the restaurant industry allowed him to fulfill a lifelong dream with the opening and successful continuing operation as CEO of Bubba's Bagels Inc. Bubba's Bagels is now in the company's eighth year of operation.

## **Mission Statement**

Bubba's Bagels will serve only the finest in Northern Style Bagels with the finest Southern Style Hospitality available.

## **Industry Background**

Bagels were first produced in the late 1700's in Poland. Having just saved his country from an attack by Turkish Invaders, King Jan Sobieski was honored by a local baker who shaped yeast dough into the shape of a stirrup in tribute to the King's renowned horsemanship. It was named after the Austrian word for stirrup, beugal. The roll was an instant success and the recipe was spread throughout Eastern Europe. The shape evolved into today's form, a circle with a hole in the center, and the name changed to its present form, that of the bagel. In the late 1800s thousands of Eastern European Jews immigrated to America, and with them came the market for their taste for bagels. New York City street vendors marketed the bagels by placing them onto a stick through the center holes and selling them on street corners throughout the city. In the early 1900s the International Bagel Bakers union was founded in New York City, and allowed only union relatives to apprenticeships in bagel-making, safeguarding the secret to the culinary qualities of European Style bagels for years to come. The first bagel plant outside of New York City was opened in 1927 in New haven, Connecticut. The popularity of the bagel across the U.S. had begun. The bagel was hand-made until the 1960s, when the invention of a machine capable of producing up to 400 bagels per hour made possible true mass-production. In the 1980s the bagel entered the market of mainstream America, and their availability expanded into grocery stores and became standard fare at coffee shops. By the late 1980s Americans were consuming on the average one bagel per month, and by the mid-nineties that number rose to one every two weeks. Because of the complexity compared to conventional cooking, most retail establishments today rely on



outside sources to provide bagels to sell. Many customers prefer that "just baked" taste unique to establishments that make their own, on site and daily. Bubba's Bagels Inc. is such an establishment, and is now the recognized name in bagels within the Richmond market.

### **Short Term (1-2 Years) Goals and Objectives**

The company's immediate goal is twofold: 1) To expand into the lucrative specialized coffee business to compliment the bagels now being made, and 2) To open a second location in the Sary Street area of Richmond.

3-6 Months: Expand product lines to include specialized coffee lines including espresso, lattes, cappuccinos, and various flavored coffees. Additionally, gourmet raw beans would be sold by the bag with the option of on-site grinding if preferred.

6-12 Months: Once the new product lines have been established and the additional revenues from those lines are reality, expand into a second location in the Sary Street area of Richmond. This area has been chosen because of the market demographics of typical shoppers in the area.

### **Long Term (3-5 Years) Goals and Objectives**

3-4 Years: Bubba's Bagels will assess the profitability of the second location and explore the feasibility of opening additional locations throughout Central Virginia.

4-5 Years: Based on the success rate of additional locations, the company will investigate the acquisition of a property that will allow high-volume production of bagels and related food items to supply the growing chain of outlets.

5-6 Years: Bubba's Bagels Inc. will branch out throughout the Southeast, either through company owned stores or through Franchising.



### **Description of Products and/or Services**

Bubba's Bagels Inc. sells 18 different kinds of Bagels (complete listing can be found in the appendix). Most bagels are served with a choice of compliments such as cream cheese, jelly, peanut butter, etc., and the costs for these associated products are included both in the retail price of the bagels and in the cost of goods sold. The company will be expanding into the specialty coffee business. Currently Bubba's Bagels has traditional "brewed" coffee sold by the cup, in both caffeinated and decaffeinated forms. The projected sales include these traditional coffees but served with flavorings, and the addition of espressos, lattes, cappuccinos, and raw coffee beans sold by the bag.

### **Location**

The company is located at 1234 Wherever Avenue, Richmond, Virginia. This location, in the heart of Richmond's financial district, has been in existence since 1995. It is within an easy walk of most major downtown businesses, a fact that has contributed to the success of the company. The location has approximately 1200 square feet and is leased for \$1300 per month triple net, with 5 years remaining under the current lease arrangement. A additional location is proposed for the Sary Street area of Richmond. This area is currently a mix of trendy and ecliptic retail shops, and a demographic profile of our target market and on-site surveys have indicated that this location should prove profitable. It is anticipated that lease amounts will fall in the \$1500 per month range, dependent upon square footage.

### **Features of the Business**

Bubba's Bagels Inc. is a retail walk-in facility where customers can either purchase bagels "by the bag" in any quantity at the counter, or can order just one and sit at a table within the facility. The location features seven tables, each with four chairs each, facilitating up to twenty-eight sit-down customers at any one time. The business is open from 6:00 AM until 3:00 PM, seven days a week. The proposed additional facility will be an expanded version of the current location.

### **Optional Products and/or Services**

The proposed business expansion will allow offering an extended line of specialty coffees. These will range from \$1.29 for a standard coffee with flavoring, to \$4.59 for cappuccinos.

### **Pricing Structure**

Pricing for all products were determined through a competitive analysis conducted on similar retail outlets (specialty food outlets with coffee) within a twenty mile radius of Richmond, Virginia. All pricing remains within 10% of competition or non-direct competitive stores. The prices are as follows: Bagels with choice of toppings: \$1.29 Standard Coffee with choice of Flavorings: \$1.29 Espressos: \$3.49 Lattes: \$3.49 Cappuccinos: \$4.59 Coffee Beans: \$13.00 per pound

### **Product(s) and/or Service(s) Cost**

Wholesale prices will vary according to the time of year and availability. Costs below are an average determined over the prior twelve month period: Bagels with choice of toppings: \$ 0.25 Standard Coffee with choice of Flavorings: \$ 0.30 Espressos: \$0.49 Lattes: \$ 0.99 Cappuccinos: \$ 0.99 Coffee Beans: \$11.00 per pound

## **Organizational Matters**

The company will operate as a(n) Subchapter "S" Corporation under the laws of the Commonwealth of Virginia. Corporate officers are: Wendal Smith, President; Wilma Smith, Vice President and Treasurer; Bubba Smith, Jr., Secretary; Corporate address is: Post Office Box 0000, Richmond, Virginia 23000.

It will be located at:  
1234 Wherever Avenue  
Richmond, VA.

The company currently has six employees.

The company plans to have ten employees in the future.

### **Names of the Employees:**

Bubba Smith, Owner; Roger Flapjack; Marjorie Flapjack, Katie Olson, Mike Beanburn, Mary Wilson.

### **Titles of Employees (respectively):**

Owner, Cook, Cook, Counter, Waiter, Waiter.

### **Duties of the employees are as follows:**

Wendal Smith manages the day-today operations of the company and assists at the counter during the busy early morning hours and during lunch. Roger and Marjorie Flapjack work the kitchen with overlapping schedules. Olson, Beanburn and Wilson alternate between the counter, cash register, and waiting on tables.

### **Business advisors are as follows:**

Mr. Bookem Danno, Esq., Law firm of Danno and Dowannaknow, Richmond, Virginia  
Mr. Seyin Circles CPA, Accounting firm of Circles, Squares, and Dots, Richmond, Virginia  
Mr. Thelma Louis, Business Advisor, Retired MBA, Hootsville, Virginia



# Marketing Plan

## The Market

### Introduction

A complete history of the bagel industry is listed earlier in this business plan. In modern times, the bagel industry entered mainstream America in the 1980's. This industry is classified under the SIC (Standard Industrial Classification) code number 5411 until 1987, and is referenced under the NAICS (North American Industrial Classification System) code number 4452 (subheading number 445110). This classification is described as "Industrial group comprised of establishments primarily engaged in retailing specialized lines of food", and includes over 22,373 stores nationwide as of 2002. The industry recorded sales in excess of ten billion dollars in 2002, employing over 118,831 persons with an annual payroll of over one billion dollars. Using these criteria, the average outlet has sales of \$483,000 and employs an average of six employees.

### Targeted Market

In 2002 the company performed a survey of potential customers to determine the potential market within the Greater Richmond area. This survey consisted of a questionnaire that solicited input from over 200 people. At the same time a survey of existing regular customers was performed to determine what they liked best about the company, and to determine areas that could be improved or expanded. The results listed here were a major factor in the decision to expand into specialized coffees and also to add another location. The average bagel customer is: between 18 and 45 years of age; income ranges from \$18,000 to \$75,000 per year; likely to be a professional worker; and will travel no more than five miles (in most instances) to purchase the product. Gender, education, and marital status were not important factors in the market, and although religion was not a factor in most instances, Jewish families tended to be the most frequent customer. The average existing customer visits the existing location three times per week, with an average purchase amount of \$4.50 per person.

## Marketing Strategies and Implementation

Bubba's Bagels Inc. is the best-known bagel retail outlet in Richmond. The bagels are "New York Style" and are preferred in preference surveys to most other bagels, especially by those originally from the Northeast. The variety of available condiments, such as cream cheese, jams, flavored butters, and cheeses, are unsurpassed anywhere in the region, and are made available at no charge with every purchase. The addition of specialized coffees will enhance the ability to make every customer visit truly unique, even when having the same base products, simply by trying a different topping on a favorite bagel or adding different flavorings to the coffee.

All bagels will be priced at \$1.29 with choice of toppings at no charge. Coffees will be priced at: Standard coffee with choice of flavoring: \$1.29; Espressos: \$3.49; Lattes: \$3.49; Cappuccinos: \$4.59; Coffee Beans: \$13.00 per pound

The company presently operates from the Wherever Avenue location and services a customer base comprised mostly of downtown Richmond clients. At this time the majority of customers are within



walking distance of their place of work. The proposed expansion to an additional location on Sary Street will penetrate a completely different market of not only local employees and work-related customers, but retail shoppers of the Sary Street shopping district. Additionally the ability to more easily access that location than the downtown Richmond facility, and its close proximity to Henrico and Hanover counties, should allow another potential customer base to those within the five-mile travel radius.

A good portion of the company's business is enjoyed by referrals from other customers, or from walk-in customers that see the sign and storefront. The existing location will occasionally utilize promotions through local "weekly" publications in eighth-page display advertisements. Additionally, the company has broadcast-fax capability and features a "bagel-of-the-week" to our regular customers, sending out over 200 faxes every Monday morning. Most regular customers belong to our "Bagel Bunch Club". They are provided with a punch card with twelve squares printed that allow individual punches for each visit. Once the card is completely punched the customer receives a bagel and coffee at no charge. These punch cards are handed out at most Richmond business functions and has encouraged many customers to visit the facility, and then return as new "steady" customers. The proposed facility will require additional one-time promotional activity when it is opened. This will include extensive advertisement in the local papers, a grand opening event, and assorted banners and promotional items.

The company is currently enjoying a steady customer base with limited direct competition. Entry into the specialized coffee market will result in numerous competitors within the coffee related market, however it is projected that most sales in this area will come from customers that were at the facility with the purchase of bagels as a primary motivator, therefore coffee-only competitors within the coffee-related market are not considered for the purposes of this business plan. As mentioned above, a survey was recently conducted to verify both potential market for a new facility and to determine the satisfaction level and needs of existing customers. These surveys will be ongoing and continue to mold the direction the company will take in the future. Changes will be implemented as the needs of the customers change or evolve.

## Competitive Analysis

### Competitor #1

**Name:** The Bagel Factory

**Address:** 6632 Shockoe Slip, Richmond, Virginia 23000

**Phone:** 804-555-5550

**Web Address:** [www.TBF.com](http://www.TBF.com)

**Product(s) or Service(s) and Price(s):** The Bagel Factory is primarily a volume production bakery with a small (three table) storefront. Most bagels are sold by the half-dozen at \$4 per half-dozen (\$.67 each), or \$1.00 each in-house.

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### Competitor #2

**Name:** Ron's Bakery

**Address:** 9999 Fallover Street, Richmond, Virginia 23000

**Phone:** 804-555-5552

**Web Address:** [www.RonsBakery.com](http://www.RonsBakery.com)

**Product(s) or Service(s) and Price(s):** \$6 per dozen; \$3.50 per half-dozen; \$.90 each. Ron's Bakery has no eat-in capacity.

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### Competitor #3

**Name:** Bagel Express Inc.

**Address:** 1100 West Boardwalk, Richmond, Virginia 23000

**Phone:** 804-555-5553

**Web Address:** [www.BagelsDelivered.com](http://www.BagelsDelivered.com)

**Product(s) or Service(s) and Price(s):** Bagel Express sells off-site to commercial clients and has no walk-in facility, however they do specialize in catering larger events. Bagels sell individually for \$1.25. Volume discounts are available for catering events but are not including within this price comparison because it is not direct market competition.

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### Competitor #4

**Name:** Okkrops, Food Giant, etc.

**Address:** Numerous locations

**Phone:**

**Web Address:** [www.Okkrops.net](http://www.Okkrops.net); [www.FG.net](http://www.FG.net)

**Product(s) or Service(s) and Price(s):** Most supermarkets are not direct competitors at this time, however with the emergence of "deli style" eat-in facilities at many locations and the potential for future direct competition, they are listed. Average price for bagels is \$2 for a bag of five (\$.40 each) for off-site consumption.

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### Competitor Location



There are nine competitors located within a 10 mile radius of my business.

The average price charged for a product or service similar to mine is \$ 1.12.

## Start-Up Expenses

Letterhead and Envelopes	\$100
Invoice Statements	\$125
Business Cards	\$75
Computer Paper	\$25
Computer Printer Cartridges	\$48
Paper clips, staplers, etc	\$100
Other Expenses	\$75
Large Equipment	\$350
Licenses & Registration Fees	\$400
Security Deposits	\$200
Marketing Expenses	\$600
Initial Inventory	\$0
Hiring & Training Expenses	\$750
Signage	\$4000
Opening Costs (Promotional)	\$500
Other One Time Fees	\$200
<hr/>	
<b>Total Start-Up Expenses</b>	<b>\$7548</b>



### Monthly Operating Expenses

Rent/Mortgage	\$1300
Business Phone	\$75
Electricity	\$100
Gas / Oil	\$75
Water	\$35
Payroll	\$3200
Training	\$50
Association Fees	\$15
Travel	\$35
Vehicle Maintenance	\$75
Parking	\$75
Cell Phone	\$50
Pager	\$0
Office Supplies	\$25
Copies	\$5
Other Supplies	\$35
Advertising	\$100
Insurance	\$125
Bookkeeping	\$35
Legal	\$35
Taxes	\$40
Cleaning Fees	\$0
Other	\$0
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<b>Total Monthly Operating Expenses</b>	<b>\$5610</b>

## Break Even Analysis

Projected Average Monthly Sales	\$12000
Less Cost of Goods Sold	\$5000
Total Average Gross Profit	\$7000
Average Gross Profit Margin	58%
Average Monthly Operating Expenses	\$4200
<b>Monthly Sales Required to Break Even*</b>	<b>\$7241</b>

*\*Payments to Principals not included*

*\*Rounded to nearest dollar*



**Projected Sales****Year 2003**

	Qty	Jan	Qty	Feb	Qty	Mar	Qty	Apr	Qty	May	Qty	June	Total
<b>Projected Sales</b>													
Bagels	6000	\$7740	7200	\$9288	5600	\$7224	5600	\$7224	5600	\$7224	5000	\$6450	\$45150
Std.Coffee	1500	\$1935	1600	\$2064	1600	\$2064	1200	\$1548	1200	\$1548	800	\$1032	\$10191
TO Bagels	600	\$3000	600	\$3000	600	\$3000	600	\$3000	500	\$2500	500	\$2500	\$17000
Espressos	0	\$0	0	\$0	100	\$349	600	\$2094	1000	\$3490	800	\$2792	\$8725
Lattes	0	\$0	0	\$0	100	\$349	100	\$349	100	\$349	100	\$349	\$1396
Cappuccinos	0	\$0	0	\$0	200	\$918	200	\$918	200	\$918	200	\$918	\$3672
CoffeeBeans	300	\$3900	300	\$3900	300	\$3900	300	\$3900	300	\$3900	300	\$3900	\$23400
<b>Total</b>		<u>\$16575</u>		<u>\$18252</u>		<u>\$17804</u>		<u>\$19033</u>		<u>\$19929</u>		<u>\$17941</u>	<u>\$109534</u>

**Projected Sales****Year 2003**

	Qty	July	Qty	Aug	Qty	Sept	Qty	Oct	Qty	Nov	Qty	Dec	Total
<b>Projected Sales</b>													
Bagels	7000	\$9030	7000	\$9030	5600	\$7224	5600	\$7224	6000	\$7740	6000	\$7740	\$47988
Std.Coffee	800	\$1032	800	\$1032	1200	\$1548	1200	\$1548	1500	\$1935	1500	\$1935	\$9030
TO Bagels	400	\$2000	400	\$2000	500	\$2500	500	\$2500	600	\$3000	600	\$3000	\$15000
Espressos	800	\$2792	800	\$2792	1000	\$3490	1000	\$3490	1500	\$5235	1500	\$5235	\$23034
Lattes	100	\$349	100	\$349	150	\$523.5	150	\$523.5	200	\$698	200	\$698	\$3141
Cappuccinos	100	\$459	100	\$459	200	\$918	200	\$918	300	\$1377	300	\$1377	\$5508
CoffeeBeans	300	\$3900	300	\$3900	300	\$3900	300	\$3900	300	\$3900	300	\$3900	\$23400
<b>Total</b>		<u>\$19562</u>		<u>\$19562</u>		<u>\$20103.5</u>		<u>\$20103.5</u>		<u>\$23885</u>		<u>\$23885</u>	<u>\$127101</u>

Total Projected Annual Sales:

\$236635

### Projected Cost of Goods Sold

Year 2003

	Qty	Jan	Qty	Feb	Qty	Mar	Qty	Apr	Qty	May	Qty	June	Total
Projected COGS													
Bagels	6000	\$1500	7200	\$1800	5600	\$1400	5600	\$1400	5600	\$1400	5000	\$1250	\$8750
Std.Coffee	1500	\$450	1600	\$480	1600	\$480	1200	\$360	1200	\$360	800	\$240	\$2370
TO Bagels	600	\$648	600	\$648	600	\$648	600	\$648	500	\$540	500	\$540	\$3672
Espressos	0	\$0	0	\$0	100	\$49	600	\$294	1000	\$490	800	\$392	\$1225
Lattes	0	\$0	0	\$0	100	\$99	100	\$99	100	\$99	100	\$99	\$396
Cappucinos	0	\$0	0	\$0	200	\$198	200	\$198	200	\$198	200	\$198	\$792
CoffeeBeans	300	\$3300	300	\$3300	300	\$3300	300	\$3300	300	\$3300	300	\$3300	\$19800
Total		<u>\$5898</u>		<u>\$6228</u>		<u>\$6174</u>		<u>\$6299</u>		<u>\$6387</u>		<u>\$6019</u>	<u>\$37005</u>

### Projected Cost of Goods Sold

Year 2003

	Qty	July	Qty	Aug	Qty	Sept	Qty	Oct	Qty	Nov	Qty	Dec	Total
Projected COGS													
Bagels	7000	\$1750	7000	\$1750	5600	\$1400	5600	\$1400	6000	\$1500	6000	\$1500	\$9300
Std.Coffee	800	\$240	800	\$240	1200	\$360	1600	\$480	1500	\$450	1500	\$450	\$2220
TO Bagels	400	\$432	400	\$432	500	\$540	500	\$540	600	\$648	600	\$648	\$3240
Espressos	800	\$392	800	\$392	1000	\$490	1000	\$490	1500	\$735	1500	\$735	\$3234
Lattes	100	\$99	100	\$99	150	\$148.5	150	\$148.5	200	\$198	200	\$198	\$891
Cappucinos	100	\$99	100	\$99	200	\$198	200	\$198	300	\$297	300	\$297	\$1188
CoffeeBeans	300	\$3300	300	\$3300	300	\$3300	300	\$3300	300	\$3300	300	\$3300	\$19800
Total		<u>\$6312</u>		<u>\$6312</u>		<u>\$6436.5</u>		<u>\$6556.5</u>		<u>\$7128</u>		<u>\$7128</u>	<u>\$39873</u>

Total Projected Annual COGS:

\$76878



### Income Projections 2003

	[Jan]	[Feb]	[Mar]	[Apr]	[May]	[Jun]	Total
Projected Income							
Sales	\$16575	\$18252	\$17804	\$19033	\$19929	\$17941	\$109534
Other Sources	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Income	\$16575	\$18252	\$17804	\$19033	\$19929	\$17941	\$109534
Less Cost of Goods Sold	\$5898	\$6228	\$6174	\$6299	\$6387	\$6019	\$37005
Gross Profit	\$10677	\$12024	\$11630	\$12734	\$13542	\$11922	\$72529
Less Operating Expenses	\$5610	\$5610	\$5610	\$5610	\$5610	\$5610	\$33660
Net Profit	\$5067	\$6414	\$6020	\$7124	\$7932	\$6312	\$38869

### Income Projections 2003

	[Jul]	[Aug]	[Sep]	[Oct]	[Nov]	[Dec]	Total
Projected Income							
Sales	\$19562	\$19562	\$21102	\$20619	\$23885	\$23885	\$128615
Other Sources	\$0	\$0	\$9	\$0	\$0	\$0	\$0
Total Income	\$19562	\$19562	\$21102	\$20619	\$23885	\$23885	\$128615
Less Cost of Goods Sold	\$6312	\$6312	\$6436	\$6556	\$7128	\$7128	\$39872
Gross Profit	\$13250	\$13250	\$14666	\$14063	\$16757	\$16757	\$88743
Less Operating Expenses	\$5610	\$5610	\$5610	\$5610	\$5610	\$5610	\$33660
Net Profit	\$7640	\$7640	\$9056	\$8453	\$11147	\$11147	\$55083

Annual                      \$93952

## Income Projections Year 2003

### Revenue:

Gross Sales	\$236635
Less: Sales Returns and Allowances	<u>\$0</u>
<b>Net Sales</b>	<b>\$236635</b>

### Cost of Goods Sold:

Beginning Inventory	\$2700	
Add: Purchases	\$76878	
Freight-in	\$0	
Direct Labor	\$0	
Indirect Expenses	<u>\$0</u>	
	\$82578	
Less: Ending Inventory	<u>\$3000</u>	
<b>Cost of Goods Sold</b>		<b>\$81378</b>

<b>Gross Profit (Loss)</b>	<b>\$155257</b>
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### Expenses:

Advertising	\$1200	
Amortization	\$	
Bad Debts	\$135	
Bank Charges	\$180	
Charitable Contributions	\$500	
Commissions	\$0	
Contract Labor	\$200	
Credit Card Fees	\$2400	
Delivery Expenses	\$0	
Depreciation	\$11600	
Dues and Subscriptions	\$180	
Insurance	\$6000	
Interest	\$96	
Maintenance	\$900	
Miscellaneous	\$2820	
Office Expenses	\$360	
Operating Supplies	\$420	
Payroll Taxes	\$10608	
Permits and Licenses	\$480	
Postage	\$35	
Professional Fees	\$800	
Property Taxes	\$312	
Rent	\$15600	
Repairs	\$160	
Telephone	\$1500	
Travel	\$420	
Utilities	\$2520	
Vehicle Expenses	\$900	
Wages	<u>\$38400</u>	
<b>Total Expenses</b>		<b>\$97526</b>



Net Operating Income		\$57731
Other Income:		
Gain (Loss) on Sale of Assets	\$0	
Interest Income	<u>\$210</u>	
Total Other Income		<u>\$210</u>
Net Income (Loss)		<u>\$57941</u>
		<u>                    </u>

### Cash Flow Projection 2003

	[Jul]	[Aug]	[Sep]	[Oct]	[Nov]	[Dec]	Total
Beginning Cash Balance	\$6000	\$4487	\$5571	\$5886	\$5078	\$7961	\$9608
Cash Inflows (Income):							
Accts. Rec. Collections	2000	575	752	1304	1033	929	6593
Loan Proceeds	0	0	0	0	0	0	0
Sales & Receipts	16000	17500	16500	18000	19000	17500	104500
Other:	0	0	0	0	0	0	0
<b>Total Cash Inflows</b>	<b>\$18000</b>	<b>\$18075</b>	<b>\$17252</b>	<b>\$19304</b>	<b>\$20033</b>	<b>\$18429</b>	<b>\$111093</b>
Available Cash Balance	\$24000	\$22562	\$22823	\$25190	\$25111	\$26390	\$146076
Cash Outflows (Expenses):							
Advertising	100	100	100	100	100	100	600
Bank Service Charges	15	15	15	15	15	15	90
Credit Card Fees	200	200	200	200	200	200	1200
Delivery	0	0	0	0	0	0	0
Health Insurance	400	400	400	400	400	400	2400
Insurance	125	125	125	125	125	125	750
Interest	8	8	8	8	8	8	48
Inventory Purchases	5898	6228	6174	6299	6387	6019	37005
Miscellaneous	235	235	235	235	235	235	1410
Office	30	30	30	30	30	30	180
Payroll	2800	2800	2800	2800	2800	2800	16800
Payroll Taxes	2652	0	0	2650	0	0	5302
Professional Fees	200	0	0	400	0	0	600
Subscriptions & Dues	15	15	15	15	15	15	90
Supplies	35	35	35	35	35	35	210
Taxes & Licenses	40	40	40	40	40	40	240
Utilities & Telephone	620	620	620	620	620	620	3720
Rent	1300	1300	1300	1300	1300	1300	7800
<b>Subtotal</b>	<b>\$14673</b>	<b>\$12151</b>	<b>\$12097</b>	<b>\$15272</b>	<b>\$12310</b>	<b>\$11942</b>	<b>\$78445</b>



**Other Cash Out Flows:**

Capital Purchases	0	0	0	0	0	0	0
Loan Principal	840	840	840	840	840	840	5040
Owner's Draw	4000	4000	4000	4000	4000	4000	24000
Other:	0	0	0	0	0	0	0
Subtotal	<u>\$4840</u>	<u>\$4840</u>	<u>\$4840</u>	<u>\$4840</u>	<u>\$4840</u>	<u>\$4840</u>	<u>\$29040</u>
Total Cash Outflows	<u>\$19513</u>	<u>\$16991</u>	<u>\$16937</u>	<u>\$20112</u>	<u>\$17150</u>	<u>\$16782</u>	<u>\$107485</u>
Ending Cash Balance	<u>\$4487</u>	<u>\$5571</u>	<u>\$5886</u>	<u>\$5078</u>	<u>\$7961</u>	<u>\$9608</u>	<u>\$38591</u>

*Bubba's Bagels Inc.*  
*Balance Sheet*  
*12/31/03*

**Assets**

**Current Assets:**

Cash		\$16000	
Accounts Receivable	\$2000		
Less: Reserve for Bad Debts	<u>135</u>	1865	
Merchandise Inventory		3000	
Prepaid Expenses			
Notes Receivable			
<b>Total Current Assets</b>			<b>\$20865</b>

**Fixed Assets:**

Vehicles	18700		
Less: Accumulated Depreciation	<u>1600</u>	17100	
Furniture and Fixtures	19000		
Less: Accumulated Depreciation	<u>8000</u>	11000	
Equipment	4500		
Less: Accumulated Depreciation	<u>2000</u>	2500	
Buildings	0		
Less: Accumulated Depreciation		0	
Land		<u>0</u>	
<b>Total Fixed Assets</b>			<b>30600</b>

**Other Assets:**

Goodwill		<u>5000</u>	
<b>Total Other Assets</b>			<b>5000</b>

<b>Total Assets</b>			<b><u>\$56465</u></b>
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**Liabilities and Capital**

**Current Liabilities:**

Accounts Payable	\$2400		
Sales Taxes Payable	810		
Payroll Taxes Payable	2652		
Accrued Wages Payable	1400		
Unearned Revenues	0		
Short-Term Notes Payable	560		
Short-Term Bank Loan Payable	<u>0</u>		
<b>Total Current Liabilities</b>			<b>\$7822</b>

**Long-Term Liabilities:**

Long-Term Notes Payable	8900		
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Mortgage Payable	<u>0</u>	
<i>Total Long-Term Liabilities</i>		<u>8900</u>
<b>Total Liabilities</b>		16722
 <i>Capital:</i>		
Owners Equity	39743	
<b>Total Capital</b>	<u>39743</u>	<u>39743</u>
<b>Total Liabilities and Capital</b>		<u><u>\$56465</u></u>

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**Liabilities**  
**Date: 12/30/03**

**LIABILITIES**

**Current Liabilities**

<b>Accounts Payable</b>	<b>Account Number</b>	<b>Amount</b>	<b>Total</b>
Bagel	17775423	\$1200	
Bags &	Ahdf1456	\$400	
Dog Leg	77750	\$400	
Buttshead:	38891	\$400	
		\$	
		\$	\$2400
<b>Sales Taxes Payable</b>	44329		\$810
<b>Payroll</b>			
Payroll Taxes Payable	IRS22567	\$2652	
Accrued Wages		\$1400	
			\$4052
<b>Short-Term Notes Payable</b>	<b>Account Number</b>		
Visa	000-5444-999-	\$310	
Mastercard	0000-6653-8975-	\$200	
American	34876-7654	\$50	
		\$	
		\$	
			\$560
<b>Short-Term Bank Loan Payable</b>			
<b>Bank</b>	<b>Account Number</b>	<b>Amount</b>	
		\$0	
		\$0	
			\$0
<b>TOTAL CURRENT LIABILITIES</b>		<b>\$7822</b>	

**Long-Term Liabilities**

**Long-Term Notes Payable**  
**Bank**  
 VirginiaBar

**Account Number**  
 453876

**Amount**  
 \$8900  
 \$  
 \$

	\$	\$8900
Mortgage Payable	Amount	
	\$0	
	\$0	
		\$0
TOTAL LONG-TERM LIABILITIES	\$8900	
TOTAL LIABILITIES		\$16722



## Conclusion

It will take approximately \$15,000 to start this business.

It will take an average of \$9,610 (including owner's salary) to run it on a monthly basis.

The money used to start and run this business will come from the following sources: No funding is required for the existing location, however the addition of a second location will require the purchase of new equipment, furnishings, office related materials, and signage. The company is seeking a \$15,000 commercial line of credit from a financial lending institution. The company currently has an additional \$10,000 in savings available as a cash reserve..

The money will be used primarily for: Approximately \$7,600 will be used for the purchase of equipment and other related expenses for adding a second location (a complete breakdown is itemized under "Start-Up Expenses"). The additional \$7,400 will be used as working capital during the first few months of operation while the business is building its customer base..

**The company has the following advantages that will aid in successful marketing and offer an advantage over the competition:**

Bubba's Bagels Inc. is the recognized leader in the Greater Richmond market, and as such has existing name recognition that will aid in the early patronage of the new location.

The company has remained profitable for the past six years, and projections continue to show a solid growth with a steady customer base.

## Appendix